

Who was Uganda intended for?

Why the Sovereignty Bill is Bad

| Kenneth Muhangi



Who was Uganda intended for? At the very inception of the Republic, what vision did our constitutional forefathers hold when they set out to define the essence of this nation?"

- Asmahaney Saad, Identity: Lost in History, Found in Purpose at Page 57.

Black's Law Dictionary (11th ed., 2019), defines sovereignty as "the supreme, absolute, and uncontrollable power by which any independent state is governed." Article 1 of the Constitution of the Republic of Uganda provides that all power belongs to the people, that all authority in the State emanates from the people, and that the people shall express their will and consent on who shall govern them and how they should be governed through regular, free and fair elections or referenda.

The Protection of Sovereignty Bill must be read against that constitutional starting point. Foreign influence is a real concern, and the Bill's Memorandum identifies interference in Government policy and programmes, foreign aid that comes with influence, and the use of online platforms to disseminate misinformation and facilitate social discord. Those concerns give the Bill its stated rationale. The legal issue is whether the Bill remains within that rationale while preserving the constitutional meaning of sovereignty as power located in the people, because once a law enacted in the name of sovereignty uses broad definitions, wide controls and heavy reporting obligations to regulate citizenship, participation, capital and ordinary economic life, it begins to move beyond protection of the State and into a wider restructuring of the space within which citizens live, work and engage.

The first difficulty appears in the Bill's treatment of the word "foreigner." It includes the familiar category of a non-Ugandan citizen, but it also includes a Ugandan citizen residing outside Uganda, and then adds a further category consisting of any person, institution or body whom the Minister may declare to be a foreigner by statutory instrument. The Constitution already provides the framework for citizenship and belonging. An ordinary statute may regulate foreign conduct, foreign funding and foreign registration, but once it begins to widen the category of foreignness in a way that reaches Ugandan citizens abroad and leaves the borders of that category open to ministerial declaration, it moves from regulation into re-description. It starts to treat belonging as something that can be rearranged by ordinary legislation even though the Constitution has already settled the legal structure within which belonging is understood.

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That concern becomes more serious in a country whose economic life is no longer organized within territorial borders in the old sense. Ugandans abroad send money home, finance school fees, support

medical care, build houses, capitalize businesses, and create opportunities the domestic economy does not produce in sufficient measure or at sufficient speed. In practical terms, the Ugandan diaspora has become part of the country's financial architecture. A Ugandan working in Kenya, Burundi, Dubai, London or Toronto does not stand outside the national story. Once the law approaches that citizen through the category of foreignness, it places the constitutional understanding of belonging under strain and begins to treat external residence as a basis for suspicion rather than as one among many ordinary facts of modern Ugandan life.

In my paper on Article 6 of the Paris Agreement and the carbon market in Uganda¹, I examined a sector whose structure is international from the outset. Carbon markets in Uganda are being built through Article 6 cooperative approaches, voluntary carbon markets, renewable energy, reforestation, regenerative agriculture, clean cooking and other project-based mechanisms whose financing, verification and market access depend heavily on foreign capital, foreign standards, foreign buyers and foreign technical partnerships. The same paper identified sustainability-linked investment already entering Uganda through nature based projects and others. Uganda Investment Authority has publicly highlighted major sustainability-related foreign direct investment projects in Uganda, including solar, land restoration and clean-water ventures, as part of the country's recent positioning in green investment.

A Bill that approaches foreign-linked finance through a framework of suspicion, approvals, declarations and reporting

¹ <https://www.ktaadvocates.com/wp-content/uploads/2024/05/KTA-Article-6-of-the-Paris-Agreement-and-the-Carbon-Market-in-Uganda-.pdf>

does not remain neutral once it enters that sector. Carbon practice in Uganda still needs legal certainty, banking confidence and administrative predictability. It cannot develop well within a legal environment that makes the normal structure of the market appear exceptional or suspect. Project developers, lawyers, consultants, technical advisors and local implementers in climate practice work within capital structures that are often cross-border by necessity rather than choice. Where the law begins from a position that treats those structures as presumptively sensitive, the likely result is not doctrinal clarity but commercial drag. Uganda cannot claim to want climate finance while making climate finance harder to structure, harder to explain to financial institutions and heavier to operate at the point where the market still requires confidence to grow.

The same concern runs through digital trade, telecoms, banking and payments. Over the past two years, these sectors have expanded rapidly in scale, regulatory complexity and cross border integration, deepening their reliance on international capital, infrastructure and technical partnerships. In my NDP III paper², I argued that intellectual property, digital trade and the Fourth Industrial Revolution should be treated as central to Uganda's development path because the economy is increasingly dependent on data, digital infrastructure, payments, online commerce and new forms of innovation. Uganda Communications Commission³ reported that by the third quarter of 2025, active mobile subscriptions had reached 45.7 million, mobile internet subscriptions 17 million, mobile money subscriptions 35.6 million, and smartphone ownership 19 million. The National Planning Authority's National Development Report for FY2023/24⁴ reported GDP growth of 6.0

percent and stated that the services sector remained the largest contributor to GDP at 43 percent.

Those figures describe an economy that is increasingly networked, service-driven and dependent on sectors whose capital and technical ecosystems are outward-facing. FITSPA, the Financial Technology Service Providers Association of Uganda, speaks for a sector that depends on local and international fintechs, investors, technical partnerships and regulatory openness. ISPAU, the Internet Service Providers Association of Uganda, sits within a telecoms environment built on infrastructure, connectivity, international equipment, group structures and cross-border technical supply. ADEC-U, the Alliance for Digital Trade, E-Mobility and Couriers Association of Uganda, represents businesses that live within digital platforms, payments, logistics and regional commerce. CMAU, the Carbon Markets Association of Uganda, occupies a sector whose market structure is international at its foundation. A sovereignty law that does not recognise how these sectors actually function risks introducing friction at the point where Uganda needs scale, certainty and investment discipline.

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Clauses 25 and 26 of the Bill carry that difficulty directly into the banking and payments system. Clause 25 bars a supervised institution from paying out

² <https://www.ktaadvocates.com/achieving-ugandas-ndp-iii-goals-how-intellectual-property-digital-trade-and-the-4ir-can-facilitate-an-inclusive-and-robust-digital-economy-tracked/>

³ Uganda Communications Commission, Market Performance Report for Q3 2025 (September 2025), at 17

⁴ National Planning Authority, National Development Report (NDR) Financial Year 2023/24 (8 November 2024)

money to an agent of a foreigner without a declaration of source and, where applicable, proof of written authorization from the Minister, while clause 26 requires returns detailing the amount received and the purpose for which the funds were used. These provisions place banks and payment providers within the law's enforcement structure and require them to determine who falls within the category of an "agent of a foreigner," when ministerial approval is required, and whether the material placed before them is sufficient to justify release of funds. In advisory work, banks already respond to legal uncertainty of this kind by escalating documentation requirements, delaying the release of funds, and declining transactions that present classification risk regardless of their commercial legitimacy, with the result that the cost of uncertainty is carried by the people and businesses that depend on the financial system to move money in the ordinary course of economic life.

The ordinary examples matter here because they reveal what the law would cover. A woman working in Dubai and sending money home to her mother is not engaged in hostile foreign interference, yet under the Bill she falls within the category of a Ugandan citizen residing outside Uganda and therefore a "foreigner." An accountant employed by a foreign-owned company is not carrying out a suspicious activity merely because the ownership structure sits abroad. An advocate representing an international client is doing what advocates do. A consultant retained on a regional transaction is doing professional work. A startup receiving working capital from a parent company abroad is operating within a common commercial structure. A climate project receiving externally sourced investment is participating in how that sector presently functions.

Once these relationships enter a legal environment shaped by broad categories of foreignness, mandatory declarations, possible ministerial approvals and banking scrutiny, the effect is not limited to delay and compliance burdens; it also reaches protected professional space, because inquiries into all transactions risk eroding advocate-client privilege and narrowing the confidentiality on which legal practice depends.

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The labor implications are also not secondary. Uganda already has a workforce under pressure, and many professionals, firms and households survive through cross-border work, diaspora-linked support, regional mandates and externally financed sectors. A law that increases friction around those relationships has the practical effect of narrowing opportunity in a labor market that does not have room for unnecessary contraction. The Bill may not be framed as a labor statute, but its consequences will be economic. A lawyer may lose a client because the transaction has become more difficult to receive or document. A startup may lose runway because banking access is slower and more cautious. A project may be delayed because capital must now pass through additional layers of declaration and approval. A family may wait longer for money that is needed urgently because the financial system must first satisfy itself that the law has been complied with.

¹ <https://www.monitor.co.ug/uganda/news/national/-four-inmates-squeezed-in-space-for-one-prisoner-in-uganda--5311608> accessed 31st January, 2026

²Ibid 1

The Bill's treatment of "disruptive activities" compounds the difficulty because it includes "employing, recruiting, engaging, sponsoring or contracting any person to promote the interests of foreigners," language that easily extends into conduct that is entirely ordinary across legal practice, accounting, consulting, project implementation, payments, telecoms and climate work, since an advocate is engaged to advance a client's interests, an accountant serves the enterprise that employs him, a consultant is retained to support a transaction, project or policy engagement, and a project developer hires Ugandan staff to implement digital or climate activities; the real problem is that the clause does not draw the distinction that should matter in law, namely the distinction between covert interference and ordinary professional life, and instead uses broad language capable of placing lawful work within a field of suspicion without providing sufficient legal guidance as to where the boundary actually lies.

The constitutional concern therefore does not arise only from the Bill's objectives but from its method. Ugandan constitutional jurisprudence has already supplied the relevant approach. In **Major General David Tinyefuza v Attorney General**⁵, the Constitutional Court stressed that constitutional provisions, especially those touching rights and state power, must be interpreted broadly, liberally and purposively. In **Onyango and Another v Attorney General**⁶, the Supreme Court treated vague and excessive restrictions on constitutional freedom with justified suspicion and held that limitations must satisfy the demanding standard under Article 43. Those cases are not sovereignty cases in the narrow sense, but they establish a constitutional discipline that is directly relevant here. A statute that

uses wide and uncertain categories in areas touching citizenship, participation, association, expression and economic life must justify that breadth carefully and draft its prohibitions with precision.

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not answer, since much of the policy work in digital trade, telecoms, payments, climate finance and innovation has not been financed by Government in any deep or consistent way. Convenings, technical papers, stakeholder dialogues, research and reform engagement have often depended on partnerships, coalitions and externally supported processes, largely because serious policy work requires sustained resources and the domestic support base for that work has remained limited. If Government intends to burden those channels in the name of sovereignty, it should also state what replaces them, because the issue is a practical one: what domestic model will sustain private sector policy advocacy once existing support structures become harder to use, what domestic financial architecture will replace external support in sectors where Government itself has not financed the work sufficiently, and what mitigation plan exists for sectors whose growth and policy development have depended on the very cross-border relationships this Bill now places under heightened scrutiny?

⁵ Major General David Tinyefuza v Attorney General (Constitutional Petition No. 1 of 1996) [1997] UGCC 2 (5 March 1997)

⁶ Onyango Obbo and Another v Attorney General (Constitutional Appeal No. 2 of 2002) [2004] UGSC 44 (11 February 2004)

The law is an instrument of power and a reflection of what a society believes about itself. A sovereignty law says something about the State's understanding of belonging, participation and economic interdependence. If the law approaches the outward-facing life of the modern Ugandan economy as though it is presumptively suspect, then it is not merely regulating foreign influence. It is also expressing a theory of the nation in which cross-border work, diaspora support, sector finance and ordinary commercial structure stand too close to the line of impermissibility. That is a poor fit for a country whose constitutional order locates sovereignty in the people and whose present economy increasingly depends on connected sectors, external capital and cross-border participation.

The concern behind the Protection of Sovereignty Bill may be legitimate, but the drafting is too wide for the constitutional and economic field it proposes to govern.

Its treatment of foreignness reaches citizens abroad. Its banking provisions are likely to create friction in remittances, commercial payments and sector finance. Its consequences for carbon markets, digital trade, telecoms and payments are likely to be material rather than incidental. Its burden will be felt first by ordinary Ugandans whose work, capital and family structures already cross borders because modern life crosses borders.

Article 1 of the Constitution provides the standard against which the Bill should be judged. All power belongs to the people. Any law enacted in the name of sovereignty should therefore preserve the conditions under which the people remain capable of acting as a people, of working, transacting, investing, organizing and shaping policy without being burdened beyond what is constitutionally necessary. The present Bill does not yet strike that balance, and that is where the legal criticism of it should remain.

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Kenneth Muhangi is Partner and Head Technology, Media, Telecommunications, Intellectual Property & Sustainability at KTA Advocates. © 2026